

ORDINANCE NO. 966

**AN ORDINANCE FOR TAX ABATEMENT PROCEDURES AND STANDARDS FOR
THE TOWN OF HOLLYWOOD PARK INCORPORATED INTO ARTICLE V OF
CHAPTER 66 OF THE TOWN OF HOLLYWOOD PARK CODE OF ORDINANCES**

WHEREAS, the Town of Hollywood Park is a general law municipality organized under the laws of the State of Texas; and

WHEREAS, the Town of Hollywood Park is land locked by having other municipalities surrounding it and prohibiting annexation or growth; and

WHEREAS, the Town of Hollywood Park City Council determines that economic development is essential for the continued viability and operation of the Town; and

WHEREAS, the Town of Hollywood Park City Council finds that the use of tax abatement agreements and other economic development tools are necessary to maintain the economic viability of the Town; and

WHEREAS, the Town of Hollywood Park City Council finds that it must adopt appropriate guidelines before it can enter into such tax abatement agreements.

NOW THEREFORE the City Council for the Town of Hollywood Park hereby adopts Article V of Chapter 66 as part of its City Code of Ordinances as follows:

Chapter 66

Article V. Tax Abatement.

§66.120. Purpose

The Town of Hollywood Park has limited commercial area for development. The purpose of this code is to provide procedures for commercial entities and/or individuals to request assistance in bringing commerce and economic development to the Town of Hollywood Park.

§66.121. Authorization

The Town of Hollywood Park is authorized to enter into property redevelopment and tax abatements pursuant to Chapter 312 of the Texas Tax Code. The Town of Hollywood Park has passed a resolution electing to participate in tax abatement projects.

§66.122. Procedure

- (a) Prior to any request for tax abatement, an individual and/or entity must consult with the Town of Hollywood Park Economic Development Corporation. The Economic Development Corporation shall provide a recommendation to the City Council as to whether the proposed request is likely to encourage economic development within the Town of Hollywood Park.
- (b) Upon qualification for a tax abatement, the Town of Hollywood Park may enter into a written agreement with the owner of property described to exempt from taxation a portion of the value of the property for a period not to exceed four years. The agreement takes effect on January 1 of the next tax year after the date the owner receives a certificate of completion for the property under Tex. Health and Safety Code §361.609 of the Solid Waste Disposal Act. Such written agreement may exempt from taxation:
 - (1) not more than 100 percent of the value of the property in the first year covered by the agreement;
 - (2) not more than 75 percent of the value of the property in the second year covered by the agreement;
 - (3) not more than 50 percent of the value of the property in the third year covered by the agreement; and
 - (4) not more than 25 percent of the value of the property in the fourth year covered by the agreement.
- (c) A property owner may not receive a tax abatement for the first tax year covered by the agreement unless the property owner fulfills the requirements set for in Tex. Tax. Code §312.211.
- (d) The City Council may cancel or modify the written agreement for tax abatement if the use of the land is changed from the use specified in the certificate of completion required by Tex. Tax. Code §312.211 and the City Council determines the new use may result in an increased risk to human health or the environment.

§66.123. Guidelines

- (a) To be eligible to request a tax abatement, an individual and/or entity must qualify and follow the listed guidelines within the Town of Hollywood Park Code of Ordinances.
- (b) These guidelines and criteria adopted are effective for two years from the date adopted and must be readopted every two years. The guidelines and criteria may be amended or repealed only by a vote of three-fourths of the members of the City Council pursuant to the requirements of the Texas Tax Code. Readoption only requires a majority vote of the City Council at a duly noticed meeting of the City Council.

- (c) An abatement of taxes only applies to taxes imposed on real property or tangible personal property located on real property subject to a tax abatement.
- (d) An abatement of taxes only applies to real property located in a designated reinvestment zone. Before a tax abatement can be granted, the City Council must designate an area as a reinvestment zone.
- (e) Alternative Contract: As an alternative to the written agreement described in §66.122(b), but not in addition to, the Town of Hollywood Park may enter into a written agreement with a property owner eligible to receive a tax abatement to exempt from taxation a portion of the value of the real property or of tangible personal property located on the real property, or both, for a period not to exceed 10 years, on the condition that the owner of the property make specific improvements or repairs to the property. The City Council may agree in writing with the owner of a leasehold interest in tax-exempt real property that is located in a reinvestment zone, but that is not in an improvement project financed by tax increment bonds, to exempt a portion of the value of property subject to ad valorem taxation, including the leasehold interest, improvements, or tangible personal property located on the real property, for a period not to exceed 10 years, on the condition that the owner of the leasehold interest make specific improvements or repairs to the real property. A tax abatement agreement under this section is subject to the rights of holders of outstanding bonds of the municipality. An agreement exempting taxable real property or leasehold interests or improvements on tax-exempt real property may provide for the exemption of such taxable interests in each year covered by the agreement only to the extent its value for that year exceeds its value for the year in which the agreement is executed. An agreement exempting tangible personal property located on taxable or tax-exempt real property may provide for the exemption of tangible personal property located on the real property in each year covered by the agreement other than tangible personal property that was located on the real property at any time before the period covered by the agreement with the municipality, including inventory and supplies. Any improvement, repair, development, or redevelopment taking place under an agreement under this section must conform to the Town of Hollywood Park Zoning Ordinance.
- (f) Property that is in a reinvestment zone and that is owned or leased by a person who is a member of the City Council for the Town of Hollywood park or a member of a zoning or planning board or commission of the Town is excluded from property tax abatement or tax increment financing. Property that is subject to a tax abatement agreement in effect when the person becomes a member of the City Council or of the zoning or planning board or commission does not cease to be eligible for property tax abatement under that agreement because of the person's membership on the City Council, board, or commission. Property that is subject to tax increment financing when the person becomes a member of the City Council or of the zoning or planning

board or commission does not become ineligible for tax increment financing in the same reinvestment zone because of the person's membership on the City Council, board, or commission.

- (g) Confidentiality: Information that is provided to a taxing unit, including the Town of Hollywood Park, in connection with an application or request for tax abatement and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which tax abatement is sought is confidential and not subject to public disclosure until the tax abatement agreement is executed. That information in the custody of a taxing unit after the agreement is executed is not confidential under this section.
- (h) In order to designate an area as a reinvestment zone, the City Council of the Town of Hollywood Park must pass an ordinance designating the specific real and/or tangible personal property as being within the zone. Prior to the adoption of such an ordinance, the City Council must hold a public hearing on the designation. At the hearing, interested persons are entitled to speak and present evidence for or against the designation. Not later than the seventh day before the date of the hearing, notice of the hearing must be published in the newspaper of the City and delivered to the presiding officer of each taxing unit that includes the property within its boundaries. The City Council must find the zone is likely to promote economic development and, where applicable, that any improvements sought are feasible and practical and would be a benefit to the land to be included in the zone and to the Town after the expiration of an agreement.
- (i) To be designated as a reinvestment zone, an area must be found to qualify under the following conditions and is likely to continue to qualify if the zone is not created:
 - a. substantially arrest or impair the sound growth of the municipality creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition because of such factors as:
 - i. a substantial number of substandard, slum, deteriorated, or deteriorating structures;
 - ii. the predominance of defective or inadequate sidewalks or streets;
 - iii. faulty size, adequacy, accessibility, or usefulness of lots;
 - iv. unsanitary or unsafe conditions;
 - v. the deterioration of site or other improvements;
 - vi. tax or special assessment delinquency exceeding the fair value of the land;
 - vii. defective or unusual conditions of title;
 - viii. conditions that endanger life or property by fire or other cause; or
 - ix. any combination of these factors;

- b. be predominantly open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality;
 - c. be reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the municipality.
- (j) The designation of a reinvestment zone for residential or commercial-industrial tax abatement expires five years after the date of the designation and may be renewed for periods not to exceed five years.
- (k) Not later than the seventh day before the date on which the Town of Hollywood Park enters into tax abatement it shall deliver to the presiding officer of the governing body of each other taxing unit in which the property to be subject to the agreement is located a written notice that the municipality intends to enter into the agreement. The notice must include a copy of the proposed agreement.
- (l) To be effective, an agreement must be approved by the majority vote of the entire City Council, not merely a majority at attendance at the meeting the agreement is considered.
- (m) The agreement may be modified by the parties to the agreement to include other provisions that could have been included in the original agreement or to delete provisions that were not necessary to the original agreement. The modification must be made by the same procedure by which the original agreement was approved and executed. The original agreement may not be modified to extend beyond 10 years from the date of the original agreement. The agreement may be terminated by the mutual consent of the parties in the same manner that the agreement was approved and executed.
- (n) The agreement for tax abatement may contain any terms or conditions the City Council determines are necessary in order to promote economic development within the Town.
- (o) An agreement for tax abatement may be made in addition to an agreement authorized by Chapter 380 of the Texas Local Government Code.

PASSED AND APPROVED THIS 21 OF July, 2015



Mayor Chris Fails

ATTEST:



City Secretary